

Congress of the United States

Washington, DC 20515

December 5, 2025

The Honorable Dr. Mehmet Oz
Administrator
Centers for Medicare and Medicaid Services
Hubert H. Humphrey Building
725 17th Street, NW
Washington, DC 20503

Dear Administrator Oz:

As Members of the Congressional delegation from Alabama, we would like to thank CMS for its ongoing efforts to foster a fairer and more equitable wage index system under the Medicare Inpatient Prospective Payment System (IPPS). Unfortunately, due to recent policy changes and court decisions—including the D.C. Circuit Court’s decision in *Bridgeport Hosp. v. Becerra*—area wage index (AWI) disparities have become more extreme, often exceeding 30% in localized markets/CBSAs. We understand that more than fifty (50) health systems operating hospitals in the lowest wage index areas submitted comments to the proposed FY 2026 IPPS rule by the June 10, 2025 deadline. The vast majority of these health systems are in the Southeast, including several in Alabama.

We join together in asking CMS to use its regulatory authority to implement a less restrictive reclassification mechanism for the lowest wage index hospitals by allowing a low wage index provider that is within fifty (50) miles of a higher paid wage area (urban or rural) to reclassify to that area and receive the wage index that is paid to hospitals in that area. Extending the proximity requirement for reclassification to 50 miles from the existing 15-mile (urban) and 35-mile (rural) proximity requirements mirrors actual commuting patterns of hospital staff, particularly in rural and low wage index areas, ensuring reclassification reflects competitive labor markets accessible to the workforce. This is a data-driven standard that aligns Medicare payments with the economic realities faced by low quartile hospitals, enabling them to attract and retain staff in regions with limited labor pools.

Rural healthcare in Alabama and across our nation is in crisis. Hospitals are being forced to face closure due to financial shortfalls. This simple extension of the reclassification proximity requirements to 50 miles will result in a financial benefit just to Alabama of approximately \$460,000,000, with those hospitals in the most threatened rural areas receiving the most benefit. This change could, quite simply, save rural healthcare.

The cost of this change would be born only by hospitals in areas that have received an outsized reimbursement for decades due to their high wage markets. It is our understanding that those hospitals—which, again, have been benefiting from the dangerously low payments to hospitals in rural America for decades—would only see a reduction of \$2.30 per \$1,000.00 in Medicare reimbursements. We strongly encourage CMS to run these numbers and test the calculations.

We believe that implementing this change would help meet the concerns of the House Labor-HHS Appropriations Subcommittee voiced in their recent report, which “strongly urge[d] the establishment of a wage index reclassification mechanism for hospitals in the lowest quartile of wage indexes ...[to]... ensure that hospitals located near a higher wage index labor market would be able to reclassify and receive the same wage index as that paid to hospitals located in the same geographical area.”

We deeply appreciate CMS's consideration of the proposed low quartile reclassification mechanism, a vital step toward ensuring a fair and equitable wage index system. By addressing extreme wage disparities, this change will empower low-wage hospitals to sustain critical services, bolstering healthcare access for the most vulnerable communities and populations. Your commitment to equity in Medicare payments will have a profound impact, safeguarding care for those who need it most, and we are grateful for your leadership in advancing this transformative reform.

If we can provide you or your staff with any additional information, please let us know. The Alabama delegation is united in working together with the Administration on this critical issue – for the health and survival of our rural communities.

Sincerely,



Robert B. Aderholt
Member of Congress



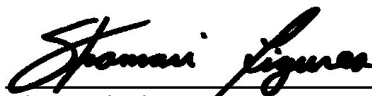
Tommy Tuberville
United States Senator



Katie Boyd Britt
United States Senator



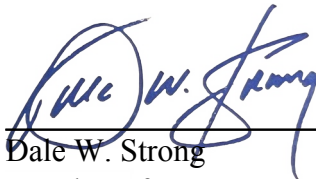
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